

**MINUTES OF THE
CALIFORNIA INFRASTRUCTURE AND
ECONOMIC DEVELOPMENT BANK**

For the meeting held on
Thursday, March 27, 2008 – 1:30 p.m.
1001 I Street, Second Floor
Sierra Hearing Room
Sacramento, California 95814

Chairwoman Evelyn Matteucci called the meeting of the California Infrastructure and Economic Development Bank (I-Bank) Board to order at approximately 1:34 p.m.

1. Call To Order and Roll Call.

Evelyn Matteucci represented the Secretary of the Business, Transportation and Housing Agency.

Francisco Lujano represented the State Treasurer.

Michael Saragosa represented the Secretary of the State and Consumer Services Agency.

D. Everett Rice, Governor's appointee, was present.

Michael Genest, Director of the Department of Finance was absent.

The following I-Bank staff members were in attendance: Stan Hazelroth, and Tara Dunn.

2. Executive Director's Report.

Executive Director Stan Hazelroth reported to the Board the following:

- He will be speaking at the Sixth Annual California Municipal Finance Conference in San Francisco on April 17th on behalf of the Governor and the state of the State's budget. Roma Cristia-Plant, I-Bank's Assistant Executive Director, is speaking today at the California Redevelopment Association Annual Conference in Anaheim.
- We are still moving forward on our budget change proposal to add seven new staff, and have had informal meetings and discussions with budget staffers, in addition to a hearing with Budget Subcommittee Four of the Assembly.
- At last month's I-Bank Board meeting, member Rosenstiel inquired of our legal counsel if the I-Bank's statutes allowed the Board to delegate bond approval authority to the Executive Director on a limited basis to facilitate conversions of auction rate securities to variable rate demand bonds and fixed rate bonds. Our staff counsel, Shelly Renner, has concluded that the I-Bank's statutes do not allow such delegated authority.
- As requested by the Board to periodically provide updates on COPIA, the American Center for Food, Wine and the Arts, and that recent newspaper articles revealed COPIA has a new President and CEO, Garry McGuire, Jr. who will concentrate on growth and reconnecting COPIA with three key audiences—the local community, the wine industry, and the American wine consumer.
- We continue to work with the Business, Transportation and Housing Agency and General Services on moving to a new location.
- We continue to work on converting bonds sold in December 2005 to refund an emergency apportionment loan to the Oakland Unified School District to fixed rate bonds, and anticipate bringing this transaction to you for your consideration next month.
- While this month's agenda is very light, he assured the Board that the I-Bank staff are working very hard and putting in long hours with borrowers on several bond refunding

transactions and new bond projects that will be brought for your consideration at the next several meetings.

3. Annual Review of the Investment Policy

Mr. Hazelroth presented the current Investment Policy for an annual review by the Board, as required by the policy. Staff is not recommending any changes at this time. Chairwoman Matteucci asked for any questions or comments from the Board and receiving none she pronounced the policy reviewed.

Mr. Lujano requested that staff's annual review include a review of the permitted investments contained in Attachment A.

Mr. Hazelroth then requested the Board's consideration of approval of the amended March 27, 2008, agenda originally posted on March 14, 2008. A revised agenda was subsequently posted on March 21, 2008, after staff received a request to increase the amount of bonds for the Los Angeles County Museum of Natural History Foundation from \$85,000,000 to \$100,000,000. It was determined that an error was made by the applicant in the amount of financing needed, and that there was an immediate for the Board to consider the bonds at today's meeting so that the museum could convert the bonds from auction rate securities at the earliest possible date in the effort to reduce interest costs on the bonds. Mr. Hazelroth also advised that pursuant to government code 11125.3, [A]n agenda may be edited in the event facts arise after the agenda has been posted and when there is a need to take immediate action on a particular item." He apprised the Board that prior to considering the action item the board must unanimously approve the amended agenda.

Chairwoman Matteucci asked for a motion to approve the amended agenda. Mr. Michael Saragosa moved to approve and Mr. Lujano seconded the motion. Chairwoman Matteucci called for a vote and the Board unanimously approved the amended agenda.

Action Items:

4. Adopt resolution approving the sale, issuance and delivery of revenue bonds for Los Angeles County Museum of Natural History Foundation, or a related party (Los Angeles) for an amount not to exceed \$100,000.000.

Ms. Dunn presented a staff report in which she indicated that the proceeds of the proposed publicly offered tax-exempt loan will be used to refund the 2007A and 2007B revenue bonds to convert from auction rate security bonds to variable rate bonds. She indicated that due to the downgrade of XL Capital, the insurer for the 2007 A and B Bonds, interest rates have spiked on the auction rate securities, and due to uncertainties in the auction rate market, the borrower wishes to convert the bonds to a more stable and lower interest rate mode. Ms. Dunn introduced Nikolai Sklaroff, the Underwriter for J. P. Morgan Securities.

Chairwoman Matteucci asked for any questions or comments from those present. There being none, she entertained a motion to approve Resolution No. 08-04. Mr. Lujano moved to approve the resolution and Mr. Rice seconded the motion. Chairwoman Matteucci disclosed for the record that Dale Bonner, Secretary of the Business, Transportation and Housing Agency sits on the California Science Center Board that oversees Exposition Park where the Los Angeles County Museum of Natural History Foundation is located, and stated she does not believe this to be a conflict of interest with the current motion. Chairwoman Matteucci also disclosed that she participated in the negotiation of the lease for the Los Angeles County Museum of the Natural History Foundation, and again she does not believe this is a conflict of interest with the current motion. Michael Saragosa also disclosed that the Secretary of the State and Consumer Services Agency oversees the California Science Center which is part of Exposition Park where the Los Angeles County Museum of Natural History Foundation resides, and also stated that he does not believe this is a conflict of interest.

Chairwoman Matteucci then called for a roll call vote and the Board unanimously approved the resolution.

Other Business.

Chairwoman Matteucci called for any other business; there was none.

Public Comment.

Chairwoman Matteucci called for any public comment; there was none.

Adjournment.

Chairwoman Matteucci entertained a motion to adjourn. Mr. Lujano moved to approve the motion and Mr. Rice seconded the motion. The Board unanimously approved the motion and Chairwoman Matteucci adjourned the meeting at approximately 2:00 p.m.